BT ENGINEERING SDN BHD

v.

TEAM UNITED RESOURCES SDN BHD & ANOR

HIGH COURT MALAYA, KUALA LUMPUR
HANIPAH FARIKULLAH JC
[SUIT NO: D-22IP-48-2010]
2 MAY 2012

COPYRIGHT: *Infringement - Ownership of copyright - Whether there was infringement of copyright - Photographs and design drawings advertised - Whether there was reproduction of substantial part of original in alleged infringing copy - Whether plaintiff established prima facie subsistence of copyright in drawings*

PATENTS: *Infringement - Whether defendants' product infringed patent - Patent combination of new features and prior art - Distinctive features - Validity - Whether defendants' product shared similarities*

The plaintiff and the first defendant were both involved in the business of automatic gates. The second defendant initially acted as the plaintiff's consultant before leaving to join the first defendant as its director and shareholder. The events unfolded when the plaintiff patented an improvised invention which aimed to rectify the problem of excessive weight carried by hinges of automatic gates. The essential features of the plaintiff's patent were hinges with horizontal and vertical adjustments, its folding nature and the usage of rollers. When the defendants came up with a design sharing similar characteristics, the plaintiff alleged that the first defendant had infringed the patent and its copyrights of photographs and design drawings. The plaintiff further claimed that the second defendant, as its former employee, had breached confidentiality over the information regarding its price, discount structure and manufacturing technique. The defendants, in turn, sought for an order to revoke the patent for its invalidity and lack of novelty and inventiveness while further contending that the invention was not new. In challenging the novelty of the plaintiff's patent, the second defendant claimed that the automatic folding gate had already existed and had been used in a housing project in 1995, prior to the plaintiff's patent. The issues for determination before the court were: (i) whether the patent was valid; (ii) if it

A was valid, whether there was infringement on the defendants' part; (iii) if copyright subsisted in the said drawings, whether the defendants infringed the said copyright; and (iv) whether the second defendant had breached the alleged confidential information of the plaintiff's business.

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Held (allowing plaintiff's claim with costs; dismissing defendant's counterclaim with costs):

(1) The plaintiff's patent was a combination patent and what was protected was such combination of features. No one has put
C the features – the adjustable hinges, the folding feature and the roller – together on an automatic gate, as the plaintiff had and it was certainly not shown to have been done in any prior art presented by the defendants. Furthermore, no evidence was adduced to support the contention that the
D automatic folding gate had already existed in 1995. There was no basis in the defendant's contention that the patent should be revoked on the grounds that it was not new and it had been anticipated by prior arts. (paras 41, 43, 44 & 51)

E **(2)** Evidence showed that the defendants' gate was substantively similar to the defendant's product. The essential features of the defendants' gate fell within the descriptions of the plaintiff's automatic folding gate as the integers of the plaintiff's which have been incorporated into the defendant's product.
F (paras 25, 26, 30 & 31)

(3) Through a statutory declaration, the plaintiff had established *prima facie* subsistence of copyright in the drawings. Applying the substantial reproduction test, it was found that the
G defendants' acts of publishing the photographs have infringed the plaintiff's copyright in the design drawings. (paras 58 & 62)

(4) It was clear from the evidence that the defendant had access to the pricing information, discount structure and the
H manufacturing technique of the plaintiff. The plaintiff had demonstrated that the lists of the plaintiff's sales agents, supplier and the pricing and costing information as confidential and it was evident that there was misuse of this information
I by the second defendant. (paras 78 & 81)

Case(s) referred to:

Coco v. AN Clark (Engineers) Ltd [1969] RPC 41 ***(refd)***
Codex Corporation v. Racal-Milgo Limited [1983] RPC 369 ***(refd)***
Electro Cad Australia Pty Ltd & Ors v. Mejati RCS Sdn Bhd & Ors [1998] 3 CLJ Supp 196 ***(refd)***
Faccenda Chicken v. Fowler [1985] FSR 105 ***(refd)***
General Tire & Rubber Co v. firestone & Rubber Co Ltd [1972] RPC 457 ***(refd)***
General Tire & Rubber Co v. Firestone Tyre & Rubber Co Ltd [1972] RPC 457 ***(refd)***
King Features Syndicate, Inc and Another v. O and M Kleeman, Limited [1941] AC 417 ***(refd)***
Lim Choong Huat & Ors v. Syntlz Enterprise Sdn Bhd & Ors [2010] 1 CLJ 860 HC ***(refd)***
Pope Appliance Corpn v. Spanish River Pulp and Paper Mills Ltd [1929] AC 269 ***(refd)***
Regent Decorators (M) Sdn Bhd & Anor v. Michael Chee Keng Theng & Ors [1984] 2 CLJ 296; [1984] 2 CLJ (Rep) 441 HC ***(refd)***
Rodi & Wienenberger AG v. Henry Showell Ltd [1969] 12 RPC 367 ***(refd)***
Schmidt Scientific Sdn Bhd v. Ong Han Suan & Ors [1998] 1 CLJ 685 HC ***(refd)***
SKB Shutters Manufacturing Sdn Bhd v. Seng Kong Shutter Industries Sdn Bhd & Anor [2011] 4 CLJ 93 HC ***(foll)***
Svenson Hair Center Sdn Bhd v Irene Chin Zee Ling [2008] 8 CLJ 386 HC ***(refd)***
Synthon BV v. SmithKline Beecham Plc [2005] UKHL 59 ***(refd)***
The Allmanna Svenska Eletriska Aktiebolaget v. Burntisland Shipbuilding Company Ltd [1952] 69 RPC 63 ***(refd)***
Worldwide Rota Dies Sdn Bhd v. Ronald Ong Cheow Joon [2010] 1 LNS 444 HC ***(refd)***

Legislation referred to:

Copyright Act 1987, s. 13(1)(a)
Rules of the High Court 1980, O. 5 r. 6(2)

Other source(s) referred to:

Intellectual Property Law, 2nd edn, 2004, para 3.2.1, p 449

For the plaintiff - Rajendra Navaratnam (Choo Mun Wei with him); M/s Azman Davidson & Co
For the defendant - In person

Reported by Najib Thamby

A

JUDGMENT

Hanipah Farikullah JC:

[1] The plaintiff alleged that the 1st defendant, Team United Resources Sdn Bhd and Oui Kee Lai who is the director of the 1st defendant infringed the patent and copyright. The plaintiff also claimed on the 2nd defendant's breach of confidentially.

[2] The plaintiff's claim is denied by the defendants. The defendants in its defence and counter-claim contended that the plaintiff's patent is invalid and sought for an order that the patent be revoked for lack of novelty and inventiveness on the ground that the alleged invention is not new and it has been anticipated by prior arts.

[3] In relation to the plaintiff's claim for breach of confidentiality against the 2nd defendant, his defence stated that he had relevant industry experience prior to joining the plaintiff company and he denies that the information in question is of a confidential nature.

[4] The plaintiff, BT Engineering Sdn Bhd is in the business of manufacturing and distributing automatic folding gates is the registered proprietor of Patent No. MY-11435-A (the Patent).

[5] The 1st defendant offers automatic gates for sale.

[6] The 2nd defendant is a former employee of the plaintiff, formerly serving as a consultant. He then left the plaintiff to join the 1st defendant as a director and shareholder.

Preliminary Issues

[7] The 1st defendant was not represented at the trial. It had discharged its solicitors, Messrs Vijay Edward & Co, on 5 December 2011, at the eve of the trial, by way of a statutory declaration affirmed by one of its directors, Mr Oui Kee Lai (who is also 2nd defendant).

[8] Order 5 r. 6(2) of the Rules of the High Court 1980 prohibits a body corporate from carrying on proceedings in the High Court otherwise than by a solicitor.

[9] In relation to this, this court had highlighted this to the 2nd defendant as a director of the 1st defendant prior to the commencement of the trial on 6 December 2011. However, as the 1st defendant had not appointed new solicitors, the trial proceeded *ex parte* as against the 1st defendant.

Issues

[10] Based on the facts of this case, the main issues to be considered by the court are as follows:

(i) Whether Malaysian Patent No. MY-114345-4 entitled Automatic Folding Gate is valid.

(ii) If Malaysian Patent No. MY-114345-4 is valid, whether the defendants have infringed the said patent.

(iii) If copyright subsists in the said drawings, whether the defendants infringed the said copyright.

(iv) Whether the 2nd defendant has breached the confidential information relating to the plaintiff's business.

The Plaintiff's Patent

[11] Before proceeding, it would be helpful to set out the invention patented by the plaintiff.

[12] The plaintiff is the registered proprietor of Malaysian Patent No. 114345-A, for improvements to automatic folding gates. (The patent specification is at bundle B, pp. 1-15).

[13] According to Lee Choon Hoong (PW1), the improvements address the following problems inherent in the state of the art of automatic folding gates at the material time. Automatic gates are heavy. Its hinges enable the gates to open and close, whether by a swinging or folding motion. These hinges bear the weight of the gate as it moves to open and close. However, frequent movement of the gate and the excessive weight of the gate cause the hinges to break down over time.

[14] According to PW1, when the hinge is dislodged from its original position, this also affects the alignment of the gate, or rather, its panels. When the gate is not aligned, it cannot open and close properly. (An example of a gate which is out of

A alignment was drawn by PW1 during examination-in-chief. The drawing of the gate was dispatched to court by way of covering letter dated 13 December 2011.

[15] When the gates go too far from alignment, the difficulty in
B closing and opening the gate will overload the system (the motor, gearbox and switch or control system which moves the gate) and may cause it to burn and breakdown.

[16] In summary, according to the plaintiff, the problem is the burden on the hinges of an automatic gate due to its excessive
C weight, eventually affecting its alignment and causing increasing difficulty in opening and closing which ultimately leads to breakdown of the system.

[17] Jeremy John Day (PW2) said in examination-in-chief that
D traditionally, each automatic gate needs to be practically custom-made for each gateway, to accommodate the difference in width and/or height of the gateway.

[18] According to PW2, to address these problems, the present
E inventor, Mr Lee, introduced the following features:

(i) As stated in claim 1 of the patent specifications (bundle B, p. 9), the inventor's gate would have a bracket used to fix the gate's frame to the wall, and this bracket has a means for adjusting inclination so that adjacent frames can be aligned.
F

(ii) Further, claim 3 states a wall hinge having means for providing vertical and horizontal adjustment to the first gate frame.

(iii) The adjustable bracket together with the adjustable wall hinge
G enables the inclination/angle of the gate frame to be adjusted, in order to align the gate frames.

(iv) By improving the alignment of the gate, the gate can move (fold/unfold) more smoothly and efficiently, and there would be less weight on the hinges.
H

(v) To further distribute the weight of the gate, the inventor incorporated the use of rollers, to guide the gate along a track as it folds an unfolds (See claim 7, at bundle B p. 10].

I (vi) Even the movement of the roller is further improved by adding shock absorbing means in the form of a spring (claims 7 and 8).

(vii) These improvements not only overcome the alignment problem, but also improve the reliability and performance of automatic folding gates in general.

[19] This evidence was also not contradicted by the 2nd defendant.

[20] PW2 explained that the use of the adjustable bracket and wall hinges also addresses the issue of customisation of automatic gates - Horizontal and vertical adjustment allow each size of gate to be adapted to gateways of a range of different heights and widths. This allows the automatic folding gates to be mass-produced.

[21] In brief, the patent's specification claims provide monopoly over, *inter alia*, the following essential features applied to automatic gates working in combination to solve the problems experienced by such gates:

(i) Hinges having means for horizontal and vertical adjustment to enable:

(a) alignment of adjacent gate frames

(b) use with differing sizes of gateways

(ii) A folding nature of the automatic gate

(iii) The use of rollers

Whether The Defendants Have Infringed The Patent

[22] Section 58 of the Act states as follows:

> An infringement of a patent shall consist of the performance of any act referred to in subsection (3) of Section 36 in Malaysia by a person other than the owner of the patent and without the agreement of the latter in relation to a product or a process falling within the scope of protection of the patent.

[23] The test for infringement formulated by the House of Lords in the case of *Rodi & Wienenberger AG v. Henry Showell Ltd* [1969] 12 RPC 367 has been approved in numerous cases in Malaysia and in particular, has been adopted by the court in the case of *Lim Choong Huat & Ors v. Syntlz Enterprise Sdn Bhd & Ors* [2010] 1 CLJ 860. In summarising the test, the court said as follows:

A In essence, the infringement tests require one to consider three factors, namely: (i) determine the "essential" integers (ii) once the "essential" integer is determined, one must then consider whether "each" and "every" "essential" integer is taken by the defendants; (iii) determine whether each of the defendants' integers "works" the "same way" as claimed by the plaintiff in their Patent.

B

[24] To determine whether a patent is infringed, the specification in particular its claims, must be construed purposively to determine its essential integers. (see *Codex Corporation v. Racal-Milgo Limited* [1983] RPC 369 at 380-382. If it then appears that the alleged C infringement falls entirely within the words of some claim, no further question arises, the patent is infringed.

[25] PW1 explained that the essential integers of the plaintiff's automatic folding gate are as follows:

D

(i) Hinges having means for vertical and horizontal adjustment (claims 1-6,11);

(ii) The folding characteristic of the gates (claims 1-11)

E (iii) The use of rollers (claims 7-11)

[26] The next question to be determined is whether the integers have been incorporated into the defendants' product.

[27] Learned counsel for the plaintiff submitted that the F defendants' automatic folding gate falls squarely within the words of the claims of the plaintiff's patent on the following grounds:

(i) The hinges of the defendants' gate have means for vertical and horizontal adjustment.

G

(ii) The defendants' gate has a folding characteristic

(iii) The defendants' gate has a roller.

[28] Further, the plaintiff submitted that in particular, the H adjustable hinges and folding characteristic in combination are caught by claims 1-6, whilst the folding characteristic and rollers in combination are caught by claim 9.

[29] Construed purposively, the plaintiff's patent claims monopoly I over *inter alia* the following essential features, in relation to use in automatic gates:

(i) Hinges having means for vertical and horizontal adjustment (claims 1-6, 11);

(ii) The folding characteristic of the gates (claims 1-11);

(iii) The use of rollers (claims 7-11)

[30] In relation to this issue, I have carefully perused the evidence adduced by the parties in particular the photographs of the defendants' gate in P12 (see bundle C p. 84-95) and I find that the defendants' gate is substantively similar to the defendants' product.

[31] In this regard, I am satisfied that the essential features of the defendants' gate as shown in P12 fall within the descriptions of the plaintiff's automatic folding gate which has the following features:

(i) Hinges having means for horizontal and vertical adjustment to enable:

(a) alignment of adjacent gate frames

(b) use with differing sizes of gateways

(ii) A folding nature of the automatic gate

(iii) The use of rollers

[32] In this present case, it should be noted that the defendants did not adduce any evidence to rebut the plaintiff's claim that the defendants have infringed the plaintiff's product. On the other hand, the defendants in its defence and counterclaim pleaded that the plaintiff's patent is invalid on the ground that it has been disclosed by prior art and also it is not an invention.

[33] It is trite law that if the patent is invalid or it is part of the prior art, then there is no infringement. In this case, the defendants have raised the issue of the validity of the patent by way of defence to the plaintiff's pleaded cause of action that it has not infringed the patent. Thus, the defendants have elected to invalidate the patent. In this way, following Azahar J's decision (now JCA) in *SKB Shutters Manufacturing Sdn Bhd v. Seng Kong Shutter Industries Sdn Bhd & Anor* [2011] 4 CLJ 93, if the plaintiff's patent is invalidated, it must inevitably follow that they have infringed the plaintiff's patent. Thus, I will next deal with the issues relating to the invalidity of the plaintiff's patent.

[34] The issue that the court has to determine is whether the invention of the plaintiff's patent is new or otherwise. Section 14 of the Act provides that an invention is only new if it is not anticipated by prior art. The Act therefore requires the invention to be new in the sense that at the date of filing of the application it should not form a part of the state of the art. The invention is not novel if it is anticipated by prior art and prior art consist of everything disclosed to the public anywhere in the world by written publication, oral disclosure and by use or in any other way before the priority date of the patent application claiming the invention.

[35] Further, s. 15 of the Act states that an invention shall be considered involving an inventive step if having regard to any matter which forms part of the prior art, such inventive step would not have been obvious to a person having ordinary skill in the art.

[36] The person skilled in the art should be identified in the light of the problem that the invention is directed to solving. Obviousness is independent of anticipation. Where obviousness is in question, the area of investigation is not necessarily restricted to a single document and it may extend over an extensive field (see *ICI Pointer's Application* [1977] FSR 434). Obviousness is relevant only to the issue of inventive step. Even though the patented invention is not anticipated by prior disclosure, it is not patentable if it is obvious.

[37] It is trite law that where lack of novelty is raised, it must be shown that the claimed invention has been anticipated in a single document. No two or more documents is allowed to be combined or mosaic together. This entrenched principle has been clearly expressed in numerous cases. The learned authors Lionel Bently and Brad Sherman have put it this way in *Intellectual Property Law*, 2nd edn, 2004 at para. 3.2.1 of p. 449 that:

> Another important rule of interpretation is that the information must be drawn from a single document. This means that it is not possible to combine together (or mosaic) separate items in prior art. In a similar vein, it is not normally possible to combine elements from within a single document.

[38] It is settled that for there to be anticipation, there must be an 'enabling disclosure', In *Synthon BV v. SmithKline Beecham Plc* [2005] UKHL 59 at para. 14, Lord Hoffmann stated that:

> In order to make good their case, Synthon had to satisfy the judge on two points. The first was that their application disclosed the invention which had been patented as claim 1. I shall call this requirement 'disclosure'. The second was that an ordinary skilled man would be able to perform the disclosed invention if he attempted to do so by using the disclosed matter and common general knowledge. I shall call this requirement 'enablement'. If both these requirements are satisfied, the invention is not new.

[39] The requirement of 'enablement' means that the ordinary skilled person would have been able to perform the invention which satisfies the requirement of disclosure. In the hallmark case *General Tire & Rubber Co v. Firestone Tyre & Rubber Co Ltd* [1972] RPC 457, which was adopted by Azahar J (now JCA) in *SKB Shutters* case *(supra)*, the requirement of an enabling disclosure was considered in detail. It was held by the English Court of Appeal at 40 of p. 485 that:

> If the prior inventor's publication contains a clear description of, or clear instructions to do or make, something that would infringe the patentee's claim if carried out after the grant of the patentee's patent, the patentee's claim will have been shown to lack the necessary novelty, that it to say, it will have been anticipated ....
>
> To anticipate the patentee's claim the prior publication must contain clear and unmistakable directions to do what the patentee claims to have invented: *Flour Oxidizing Co Ltd v. Carr & Co Ltd* ((1908) 25 RPC 428 at 457, line 34, approved in *B.T.H. Co Ltd v. Metropolitan Vickers Electrical Co Ltd* (1928) 45 RPC 1 at 24, line 1). A signpost, however clear, upon the road to the patentee's invention will not suffice. The prior inventor must be clearly shown to have planted his flag at the precise destination before the patentee.

[40] Now, I turn to deal with the submission of the 2nd defendant.

Novelty

[41] The 2nd defendant sought to challenge the novelty of the plaintiff's patent by claiming that automatic folding gate already existed prior to the plaintiff's patent, as it was used in a housing project in Kuching in 1995.

[42] However, the 2nd defendant failed to lead evidence that the gate in Kuching has the same key features as claimed in the plaintiff's patent.

[43] On this issue, it must be stress that in this present case, the plaintiff does not deny that folding gates exist before its Patent. It is the plaintiff's case that the plaintiff's patent is a combination patent and what is protected is such combination of features.

[44] At trial, the 2nd defendant failed to adduce evidence of prior art to show that the plaintiff's patent lacked novelty.

[45] I have carefully perused the relevant prior arts documents filed by the defendants and I am unable to accept the defendants' contention on this issue. My reason follows.

[46] With regard to the principles to be applied when assessing whether a patent has been anticipated, authorities have shown:

(a) Each piece of prior art must be interpreted on its own.

(b) It is not permissible to combine 2 or more prior art in order to find that the combination has anticipated the invention.

(c) If it is necessary to pull together 2 or more the prior art to demonstrate each feature of the combination of the invention, then the combination in the invention is new and not anticipated.

(See *The Allmanna Svenska Eletriska Aktiebolaget v. Burntisland Shipbuilding Company Ltd* [1952] 69 RPC 63; *Pope Appliance Corpn v. Spanish River Pulp and Paper Mills Ltd* [1929] AC 269)

(d) Once a prior art has been identified, then it is necessary to compare the prior art with the Patent claims. The Patent will only be anticipated if the prior art has clear instructions to do something which if done, would infringe the Patent. This means that each prior art on its own must contain all the features of the claims.

(See S*KB Shutters Manufacturing Sdn Bhd (supra)* adopted the principles in *General Tire & Rubber Co v. Firestone & Rubber Co Ltd* [1972] RPC 457)

[47] In applying the above principles, this means that in respect of the prior art cited by the defendants, the defendants cannot rely on a feature from one prior art to be combined with another prior art to anticipate the patent. Each prior art has to stand on its own. Each prior art has to, on its' own, contain sufficient instructions to make something, which once made, will include all the features of the patent claims. In this present case, in my view none of the prior art, whether it is a prior patent, or text books, on its own contain clear instructions to make something that will have all the features of the patented product.

Obviousness

[48] The 2nd defendant repeatedly states that the plaintiff's patent is obvious having ordinary skill in the art.

[49] However, I find that the 2nd defendant (DW1) did not lead evidence from any independent "person having ordinary skill in the art" to prove obviousness. In any event, the 2nd defendant himself is not a credible witness. The evidence of DW1 cannot be considered by the court. In this regard, the 2nd defendant has admitted in cross-examination that he had flagrantly disregarded an injunction Order of the court in respect of this suit given on.

[50] Further, I find that the 2nd defendant himself is not an independent person having ordinary skill in the art because he has interest in this dispute. As I have mentioned earlier, the 2nd defendant is a director and shareholder of the 1st defendant.

[51] Based on the evidence adduced by the parties, in my view no one has put the features – the adjustable hinges, the folding feature of the gate and the roller – together on an automatic gate, as the plaintiff had and it is certainly not shown to have been done in any of the prior art presented by the defendants. The Patent therefore could not have been obvious. Thus, there is no basis in the plaintiff's contention that the plaintiff's patent should be revoked on the ground that it is not new and it has been anticipated by prior arts.

Copyright Infringement

[52] The plaintiff also claims that the defendants have infringed the plaintiff's copyrights subsisting in:

A (i) The plaintiff's photographs of its automatic folding gates (bundle B, pp. 113-172)

(ii) The plaintiff's design drawings of its automatic folding gates (bundle D, pp. 45-71)

B **[53]** Section 36(1) of the Copyright Act states that:

> Copyright is infringed by any person who does, or causes any other person to do, without the license of the owner of the copyright, an act the doing of which is controlled by copyright
C under this Act.

[54] Acts the "the doing of which is controlled" under the Copyright Act are defined in s. 13(1) of the Copyright Act as including "the reproduction in any material form" (s. 13(1)(a)) and "communication to the public" (s. 13(1)(a)) "of the whole work
D or a substantial part thereof, either in its original or derivative form".

Photographs

E **[55]** The defendants communicated the copyrighted photographs to the public by:

(i) Printing the photographs on the 1st defendant's brochures and distributing the brochures to the public (bundle B, p. 194).

F (ii) Publishing the photographs on the 1st defendant's website (bundle B, pp. 197-209).

[56] Where there is substantial similarity, that similarity is *prima facie* evidence of copying (see *King Features Syndicate, Inc and*
G *Another v. O and M Kleeman, Limited* [1941] AC 417 at 436).

[57] Here, there is no doubt that there was substantial reproduction. The photographs were taken in whole, as admitted by the 2nd defendant and are identical to the plaintiff's
H photographs. (A table showing the originals and the corresponding infringing copies can be found in the exh. P2).

Drawings

[58] In this present case, the plaintiff has established *prima facie*
I subsistence of copyright in the drawings by way of a statutory declaration affirmed by one of its company directors, pursuant to s. 42 of the Copyright Act 1987. (The Statutory declaration can be found at bundle D, pp. 42-71 and is marked as exh. P-21)

[59] The evidence shows that the defendants offered for the sale the material reproduction of the design drawings that is the automatic folding gates in the plaintiff's designs, by advertising these designs in the form of photographs on the 1st defendant's brochures. (bundle B, p. 194).

[60] The drawings and their corresponding infringing gates offered for sale as summarised by learned counsel for the plaintiff are as follows:

Plaintiff's Drawing	Location in Bundle D (page)	Material reproduction on Defendant's brochure as model no.:	Location in Bundle B, page 194
CF 824 (AA)	45	DGFCR 6612	column 2 row 4
CF 824	46	DGFCC 6611	column 1 row 4
CR 811 + CR 712	51	DGRCS 8811	column 6 row 1
CF 811	52	DGFRH 6614	column 4 row 4
CR 811	60	DGRCC 8821	column 2 row 2
CR 818	61	DGRCC 8834	column 6 row 2
CR 837	62	DGRCR 8833	column 5 row 2
CR 834	63	DGRCR 8832	column 4 row 2

[61] The issue to be considered is whether there was reproduction of a substantial part of the original in the alleged infringing copy. Learned counsel for the plaintiff in his submission referred to the case of *Designers Guild Ltd v. Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416 (HL) where the court adopted a two approached in determining whether there was a copyright infringement:

(i) first undertaking a visual comparison, then

(ii) once the judge has found that the defendants' design incorporates features taken from the copyright work, the question is whether what has been taken constitutes all or a substantial part of the copyright work.

[62] Applying the substantial reproduction test, I am of the view that the defendants' acts of publishing the photographs have infringed the plaintiff's copyright in the design drawings.

[63] Thus, the defendants have infringed the plaintiff's copyrights.

Breach Of Confidence

[64] I turn to consider the allegation of breach of confidence. The plaintiff contended that the 2nd defendant has committed the tort of breach of confidence.

[65] As stated earlier, the 2nd defendant was a former employee of the plaintiff, previously hired as a consultant.

[66] Counsel for the plaintiff referred to the case of *Schmidt Scientific Sdn Bhd v. Ong Han Suan* [1998] 1 CLJ 685; [1997] 5 MLJ 632, where the court held as follows:

> Held, allowing the claim
>
> (1) The duty of good faith or fidelity does not only require that the employee refrains from misuse or from disclosing information whilst still in the employment of the employer. There is an implied duty that prohibits the employee from using any confidential information obtained during his employment, without the employer's consent, for his own or someone else's use after the employment contract ends. In this case, apart from the general duty of good faith and fidelity, the first, second, third and fourth defendants – and through them the fifth defendant – as ex-employees were also under an implied duty not to use, divulge and/or disclose to whomsoever, any confidential information and/or trade secrets obtained during the course of their employment with the ex-employer after the employment had ceased for their own or the fifth defendant's benefit to the detriment of the plaintiff.

[67] In the case of *Coco v. AN Clark (Engineers) Ltd* [1969] RPC 41 of most assistance. Megarry J held that in order to succeed in an action for breach of confidence the plaintiff must establish to the satisfaction of the court the following three conditions, namely:

(1) that the information which the plaintiff is seeking to protect is of a confidential nature;

(2) that the information in question was communicated in circumstances importing an obligation of confidence; and

(3) that there must be an unauthorised use of the information to the detriment of the party communicating it.

[68] In the context of a relationship between employer and an ex-employee, the law of confidentiality has been set out clearly in the case of *Faccenda Chicken v. Fowler* [1985] FSR 105 at p. 114 as follows:

(1) Information which because of its trivial character or easy accessibility from public resources cannot be regarded by reasonable persons or by the law as confidential. The employee is at liberty to disclose it during his service or afterwards as he pleases, even to a competitor.

(2) Information which the employee must treat as confidential (either because he is expressly told it is or because from the character it is obviously confidential) but which once learned necessarily remains in the employee's head and becomes part of his own skill and knowledge applied in the course of his employer's business. So long as the employment continues, he cannot otherwise use or disclose such information. But when he is no longer in the same service, the law allows him to use his full skill and knowledge for his own benefit in competition with his former master.

(3) Specific trade secrets so confidential that, even though may necessarily have been learned by heart and even though the employee may have left the service, cannot lawfully be used save for the employer's benefit.

[69] The principles cited in the above authorities have been adopted and applied by many local cases, including the cases of *Regent Decorators (M) Sdn Bhd & Anor v. Michael Chee Keng Theng & Ors* [1984] 2 CLJ 296; [1984] 2 CLJ (Rep) 441; *Schmidt Scientific Sdn Bhd v. Ong Han Suan & Ors* [1998] 1 CLJ 685; *Electro Cad Australia Pty Ltd & Ors v. Mejati RCS Sdn Bhd & Ors* [1998] 3 CLJ Supp 196; *Svenson Hair Center Sdn Bhd v. Irene Chin Zee Ling* [2008] 8 CLJ 386; *Worldwide Rota Dies Sdn Bhd v. Ronald Ong Cheow Joon* [2010] 1 LNS 444.

[70] Having considered the law, I can now attempt to apply it to the facts of this case.

[71] It is the plaintiff's case that the following information relating to the folded gate, which is confidential in nature, has been imparted to the 2nd defendant, in a circumstance of confidence

during her employment with the plaintiff. In relation to this, the plaintiff is claiming confidentiality over the information in question in the present case are:

(i) The pricing information concerning the plaintiff's products (Pricing analysis is at bundle D, pp. 1-28)

(ii) Discount structure for customers informed by the plaintiff to its dealers/sales agents (stated on the Agent/Dealer Contract signed between the plaintiff and Genius Achiever Seremban Two (one of the plaintiff's agents), found at bundle B, pp. 179-182)

(iii) Plaintiff's product manufacturing technique - drilling of holes on gates prior to hot-dip galvanising process to ensure smooth coating (explained at notes of evidence, from p. 15, questions 40-51)

[72] The plaintiff contended that the pricing information obviously has the necessary quality of confidence.

[73] In addition, the plaintiff submitted that so too the discount structure for the plaintiff's dealers, because the plaintiff may offer different terms to different customers and its dealers are not supposed to divulge those terms to one another, or third parties.

[74] It is the contention of the plaintiff that the manufacturing technique mentioned above is also confidential in nature. It is a minute fine-tuning of the hot-dip galvanising process to ensure better quality of the plaintiff's gates, superior to that of other manufacturers.

[75] Based on the evidence adduced by the plaintiff, PW2 testified that all the above information was imparted to the 2nd defendant during his tenure as consultant for the plaintiff:

(i) Pricing information – (notes of evidence, from p. 110, questions 92-93 and 97);

(ii) Discount structure – (notes of evidence, p. 115, questions 110-111, 113, 115);

(iii) Manufacturing technique - The 2nd defendant had visited the plaintiff's factory and observed their production techniques – (notes of evidence, p. 65, answer 13 (second answer)

[76] Further, according to PW2, the information was imparted to the 2nd defendant for him to assist with the management, sales and marketing for the company. (See notes of evidence, from p. 113, question 102).

[77] The 2nd defendant in his written submission disputed the plaintiff's claim and submitted that the plaintiff failed to proof that the defendants have access to company confidential information.

[78] It is clear from the testimony of PW2 whose credibility remains unchallenged that the plaintiff had access to the pricing information, discount structure and the manufacturing technique of the plaintiff.

[79] In relation to the issue, this is what PW3 said in her evidence-in-chief:

> Q: How did the 2nd defendant come to obtain these confidential information?
>
> A: He had full access to such information in the course of his work and by virtue of his position as CEO. For example, he had access to the names of our sales agents and suppliers through access to copies of our contracts with the said agents.
>
> Company information was also stored in the company's desktop computer. He used to bring a thumbdrive to work all the time. He would copy the documents regarding the company's information from the company's desktop computer into his own personal laptop. Sometimes, when I walked past where he was sitting, I saw these documents displayed on the screen of his laptop. He regularly brought the laptop back home.
>
> Q: What did the 2nd defendant do with the said information?
>
> A: On his last day with the Plaintiff company, he took his laptop away with him, which contained some confidential information. He also took hard copies of the company's documents with him. I witnessed him taking these things away together with Mr Rajeindram Suppiah, our company's management consultant who was also in the office that day. After he left our company, he joined the 1st defendant as a shareholder, director and chief executive officer. I refer to a search on the 1st defendant company obtained from the

A Companies Commission, in Part A of the Common Bundle, at pages 28 to 33. He also teamed up with one Chai Ching Loong, who was a sales manager at Billion Essence Sdn Bhd. After he left our company, the 2nd defendant actually requested me to hire him as a sales agent but I refused.

B **[80]** In fact in cross-examination, DW1 agreed that he has access to the plaintiff's pricing information because of his internal position as a personal consultant to the plaintiff.

[81] In this regard, the plaintiff have demonstrated that the lists C of the plaintiff's sales agents and supplier in Part D of the Common Bundle (see p. 36-49) and the pricing and costing information as in Part D p. 28 (P10) are confidential to the plaintiff and thus there is clearly evidence of misuse of the plaintiff's confidential information by the 2nd defendant.

D

[82] Referring to Neill LJ's decision in *Faccenda Chicken Ltd v. Fowler and Others* [1986] 1 All ER 617, Vincent Ng J (as he then was) in the case of *Svenson Hair Center Sdn Bhd v. Irene Chin Zee Ling (supra)* said as follows:

E *The duty of good faith will be broken if an employee makes or copies a list of the customers of the employer for use after his employment ends or deliberately memorizes such a list, even though, except in special circumstances, there is no general restriction on an ex-employee canvassing or doing business with customers of his former employer.* (emphasis F added)

Further at p. 400 His Lordship held:

Clearly, acts such as memorizing a formula or a list of the employer's customers or taking away such list by an employee for his use is improper G *and would constitute acting in bad faith.* In this context it is wholly pertinent to observe that cl. 7.01(ii) and cl. 7.02(i) and (ii) (above) of the employment agreement expressly proscribes the "use of any confidential information" as well as the disclosure ("divulge") of information. (at page 400) (emphasis added).

H **[83]** In *Schmidt Scientific Sdn Bhd v. Ong Han Suan (supra)*, it was held:

it is my judgment that trade secrets are not limited to manufacturing processes or secret formulae but extend to I information relating to the list of names and addresses of customers and suppliers, specific questions sent to the customers, cost prices, specific needs and requirements of the customers and status of ongoing negotiations with the customers.

Conclusion

[84] Based on the above reasons, in my view, the plaintiff has proved on the balance of probabilities that the defendants had infringed its patent and copyright. Thus, the defendants' counter claim to invalidate the plaintiff's patent is dismissed with costs.

[85] Further, I am satisfied that the 2nd defendant has breached the plaintiff's confidential information in relation to plaintiff's list of sales agent and the pricing and costs of the plaintiff's automatic folded gate.

[86] Thus, the plaintiff's claim is allowed with costs.